

AR41

Lee

**GOLDFIELDS
MINING
CORPORATION
LIMITED**

A N N U A L R E P O R T

FOR THE YEAR ENDED FEBRUARY 29

1964

GOLDFIELDS MINING CORPORATION LIMITED

(Non-Personal Liability)

directors

J. B. AIRD, q.c., Toronto, Ontario
R. M. BARR, q.c., Regina, Saskatchewan
SIR MICHAEL BUTLER, Bt., York Mills, Ontario
J. C. FRANTZ, Willowdale, Ontario
J. B. GOAD, Toronto, Ontario
N. B. KEEVIL, Port Credit, Ontario
J. H. WESTELL, Islington, Ontario

officers

N. B. KEEVIL, President
J. C. FRANTZ, Vice-President
SIR MICHAEL BUTLER, Bt., Secretary
D. S. BROWN, Treasurer

executive office

Suite 1000, 11 Adelaide Street West, Toronto, Ontario

head office

1855 Scarth Street, Regina, Saskatchewan

*transfer agent
and registrar*

GUARANTY TRUST CO. OF CANADA
366 Bay Street, Toronto, Ontario

*annual and extraordinary
general meeting of shareholders*

November 9, 1964, 10:00 A.M. (Regina City Time)
Offices of Barr & Morgan
1855 Scarth Street, Regina, Saskatchewan

GOLDFIELDS MINING CORPORATION LIMITED

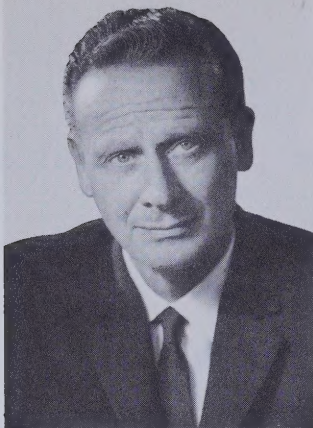
annual report for the year ended February 29, 1964

and

Explanatory Information

Respecting

Extraordinary General Meeting of Shareholders



GOLDFIELDS MINING CORPORATION LIMITED

REPORT OF THE PRESIDENT

TO THE SHAREHOLDERS:

We are pleased to present herewith the annual report for the fiscal year ended February 29, 1964 including the financial statements, auditors' report and a summary of exploration activities. In view of the proposed consolidation of assets with Temagami Mining Co. Limited outlined below, audited statements showing that company's financial position as of June 30, 1964 are also included.

As a result of increased shareholdings of Teck Corporation Limited, during the fiscal year, income from dividends and interest gained \$76,703 to \$198,154, and, after providing for an approximate 50% boost in exploration expenditures, net earnings were \$73,361 compared with \$47,374 in the previous fiscal year.

During the fiscal year, through market purchases and the acquisition of certain assets of Howey Consolidated Mines Limited approved at the shareholders' meeting July 19, 1963, holdings in Teck Corporation Limited were increased to 775,000 shares. Shareholdings in Silverfields Mining Corporation Limited were also increased to a total of 550,000 free and escrowed shares. Notwithstanding that part of the security purchases were financed through a secured loan, the net working capital and market value of marketable securities totalled \$3,171,125 at February 29, 1964 which compares with \$2,761,152 at February 28, 1963 on a pro forma basis, or a gain of \$409,973.

Exploration activities were the most extensive in recent years and are covered in the accompanying exploration report.

SILVERFIELDS

One of the most important developments during the year was the record success achieved by Silverfields Mining Corporation Limited in which Goldfields now holds a 36.6% share interest.

During its fiscal year ended August 31, 1964, Silverfields deepened its Cobalt silver mine shaft to 432 feet, established two new levels and carried out an extensive exploration and development programme which has resulted in an ore reserve estimate of 110,000 tons of indicated ore.

Between January and July of 1964, Silverfields made four shipments of development ore to a custom mill amounting to 13,831 tons, which, together with 16¾ tons of high-grade crude ore, yielded 564,485 ozs. silver having a gross value of \$759,407, and net value, after royalty and treatment charges, of \$544,816. This more than defrayed all its costs of exploration, development and administration to that date.

Regular production shipments to a custom mill have now commenced on the basis of about 3,000 tons of ore monthly which are estimated conservatively to give a monthly operating profit of about \$60,000 or \$720,000 per year.

Future prospects for this new venture appear most promising.

GOLDFIELDS - TEMAGAMI CONSOLIDATION

As set out in the notice accompanying this report, your company is proposing, subject to shareholders' approval of both companies, to consolidate its assets with those of Temagami Mining Co. Limited.

Under the proposed plan, to be approved at the Extraordinary General Meeting of Shareholders on November 9, 1964, Temagami Mining Co. Limited will be the medium around which the consolidation will take place. Application will be made for Supplementary Letters Patent to change its name to Copperfields Mining Corporation Limited and the new entity will acquire all the assets and assume the liabilities of Goldfields for 3,333,333 Copperfields shares being the ratio of 1 share Copperfields for every 3 shares Goldfields Mining Corporation Limited outstanding.

After careful consideration of all the factors involved, your directors believe that this plan offers major advantages to the shareholders of both companies since the consolidation will create a larger, stronger company with higher and more stabilized income. The new entity will be in a position to take an even more energetic and dominant role in exploration activities which will offer greater growth potentialities for the future.

In determining the methods and ratios to be used many varied considerations in each company have been taken into account. In the case of Goldfields there are its important major share positions in Teck Corporation Limited and Silverfields Mining Corporation Limited that must be considered not only at their current market prices but also on the basis of evaluations of their respective intrinsic worth and future potential. In addition there is the intangible value of the many prospect properties and exploration projects now under way in which Goldfields has recently been substantially extending its activities.

In the case of Temagami there is the valuation of its copper mine, with the production income from indicated ore reserves plus the mine's future potential, together with that company's strong current asset position.

To arrive at a final proposed exchange basis, all these factors have been carefully weighed and consideration has also been given to the market prices for each company's shares.

For more particulars we refer you to the audited statements of the company and of Temagami Mining Co. Limited, a pro forma statement of the new consolidated company and the Notice of Meeting which contains the proposed resolutions. Also enclosed with this material is a summary of an evaluation of Temagami Mining Co. Limited prepared by an independent engineer.

For corporate reasons it will be necessary to retain the Copperfields shareholdings in Goldfields for the time being as its only asset. However, it is contemplated that shortly after the closing of this transaction a further shareholders' meeting of Goldfields may be called to consider the distribution of these shares proportionately to the shareholders on the winding-up of the company. By this action Goldfields shareholders would receive 1 share of Copperfields for every 3 shares of Goldfields held.

It will be appreciated that certain of the directors of your company are also directors or shareholders of Temagami Mining Co. Limited, or of Teck Corporation Limited which latter company has shareholdings in both companies. However, in all the circumstances, all your directors are of the opinion that the proposed plan is equitable to each group of shareholders in that it will combine production income, dividend income, exploration potential and major mining shareholdings into a stronger, more aggressive company. Your support of the plan is therefore unanimously recommended.

On behalf of the Board,



President.

September 30, 1964.

GOLDFIELDS MINING

(Non-Persona

*(Incorporated under the***BALANCE SHEETS AS AT FEBRUARY****ASSETS**

	February 29, 1964	June 30, 1964
CURRENT ASSETS		
Cash	\$ 1,248	\$ 4,881
Short-term loans	187,100	17,100
Dividends and interest receivable	60,264	5,998
	<u>248,612</u>	<u>27,979</u>
	-----	-----
INVESTMENTS		
Marketable securities — at cost, less amounts written off (quoted market value — February 29, 1964 \$3,800,160 — June 30, 1964 \$4,128,160) (Note 1)	3,446,843	3,446,843
Unquoted and escrowed shares — at cost, less amounts written off	15,001	15,001
Service company — shares and debentures at cost, less amounts written off	11,155	11,155
	<u>3,472,999</u>	<u>3,472,999</u>
TOTAL CURRENT ASSETS AND INVESTMENTS	<u>3,721,611</u>	<u>3,500,978</u>
	-----	-----
FIXED ASSETS		
Buildings and machinery, fully depreciated — at nominal value	1	1
Mining claims and interests (Note 2)	100,001	147,817
	<u>100,002</u>	<u>147,818</u>
	<u>\$3,821,613</u>	<u>\$3,648,796</u>

NOTES TO FINANCIAL

for the year ended February 29, 1964 and the

1. The market values for the investments are based upon the closing market prices at February 29, 1964 and June 30, 1964 respectively. Because of the number of shares involved, these values are not necessarily indicative of the amount that could be realized if the investments were sold.
2. The amount shown for mining claims and interests represents costs to date less amounts written off and is not intended to reflect present or future values.

GOLDFIELDS MINING CORPORATION LIMITED

(Non-Personal Liability)

MARKETABLE SECURITIES

as at February 29, 1964 and June 30, 1964

	Number of shares	Marketable securities	
		Quoted market value	
		(Note 1)	
		February 29, 1964	June 30, 1964
Inmont Copper Mines Limited *	216,500	\$ 8,660	\$ 8,660
Jamaican Mining Limited	150,000	2,250	1,500
Silverfields Mining Corporation Limited *	180,000	108,000	243,000
Teck Corporation Limited	775,000	3,681,250	3,875,000
		<u>\$3,800,160</u>	<u>\$4,128,160</u>

* In addition to the above freely marketable shares, the company also holds the following escrowed shares:

Inmont Copper Mines Limited	910,500 shares
Silverfields Mining Corporation Limited	370,000 shares

Auditors' Report to the Shareholders

We have examined the balance sheets of Goldfields Mining Corporation Limited (Non-Personal Liability) as at February 29, 1964 and June 30, 1964 and the statements of earnings and retained earnings for the year ended on February 29, 1964 and the four months ended on June 30, 1964 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion all the transactions of the company that have come to our notice have been within the objects and powers of the company.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheets and statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at February 29, 1964 and June 30, 1964 and the results of its operations for the year ended on February 29, 1964 and the four months ended on June 30, 1964, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding periods.

TORONTO, September 21, 1964.

McDONALD, CURRIE & CO.,
Chartered Accountants.

GOLDFIELDS MINING

(Non-Personal)

(Incorporated under the laws of the State of Nevada)

BALANCE SHEETS AS AT FEBRUARY 29, 1964 AND JUNE 30, 1964

ASSETS		February 29, 1964	June 30, 1964
CURRENT ASSETS			
Cash	\$	1,248	\$ 4,881
Short-term loans		187,100	17,100
Dividends and interest receivable		60,264	5,998
		<u>248,612</u>	<u>27,979</u>
INVESTMENTS			
Marketable securities — at cost, less amounts written off (quoted market value — February 29, 1964 \$3,800,160 — June 30, 1964 \$4,128,160) (Note 1)		3,446,843	3,446,843
Unquoted and escrowed shares — at cost, less amounts written off		15,001	15,001
Service company — shares and debentures at cost, less amounts written off		11,155	11,155
		<u>3,472,999</u>	<u>3,472,999</u>
TOTAL CURRENT ASSETS AND INVESTMENTS		<u>3,721,611</u>	<u>3,500,978</u>
FIXED ASSETS			
Buildings and machinery, fully depreciated — at nominal value		1	1
Mining claims and interests (Note 2)		100,001	147,817
		<u>100,002</u>	<u>147,818</u>
		<u>\$3,821,613</u>	<u>\$3,648,796</u>

NOTES TO FINANCIAL STATEMENTS

for the year ended February 29, 1964 and for the year ended June 30, 1964

1. The market values for the investments are based upon the closing market prices at February 29, 1964 and June 30, 1964 respectively. Because of the number of shares involved, these values are not necessarily indicative of the amount that could be realized if the investments were sold.
2. The amount shown for mining claims and interests represents costs to date less amounts written off and is not intended to reflect present or future values.

CORPORATION LIMITED

Liability)
laws of Saskatchewan)

29, 1964 AND JUNE 30, 1964

LIABILITIES

	February 29, 1964	June 30, 1964
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 42,647	\$ 15,509
Loan payable — secured	835,000	740,000
	877,647	755,509
SHAREHOLDERS' EQUITY		
Capital stock —		
Authorized, issued and fully paid (Note 3) — 10,000,000 shares of a par value of \$1 each	10,000,000	10,000,000
Discount on shares	7,203,159	7,203,159
	2,796,841	2,796,841
Retained earnings	147,125	96,446
	2,943,966	2,893,287
Approved on behalf of the Board		
N. B. KEEVIL } J. H. WESTELL }		Directors
	\$ 3,821,613	\$ 3,648,796

STATEMENTS

four months ended June 30, 1964

3. Under the terms of an agreement dated July 3, 1963, duly approved at a special meeting of shareholders held on July 19, 1963, the company acquired during the year ended February 29, 1964 certain assets of Howey Consolidated Mines Limited in consideration of the issue of 1,755,978 shares of its capital stock at a discount of \$1,198,648 and the assumption by the company of Howey's liabilities totalling \$274,708.

GOLDFIELDS MINING CORPORATION LIMITED
(Non-Personal Liability)

STATEMENTS OF EARNINGS AND RETAINED EARNINGS
for the year ended February 29, 1964 and the four months ended June 30, 1964

	Year ended February 29, 1964	4 months ended June 30, 1964
INCOME		
Dividends	\$ 168,989	\$ 58,125
Interest	29,165	928
	198,154	59,053
EXPENDITURE		
Exploration and development —		
Examination — outside properties	46,772	32,235
Geophysical surveys	3,552	12,102
Airborne surveys and interpretation	13,303	25,857
Prospecting participations	9,738	—
Staking	—	14,595
Miscellaneous	1,442	2,272
	74,807	87,061
Administrative —		
Administrative services and rent	14,800	4,000
Legal and audit	1,450	1,021
Transfer agents' fees	2,178	475
Meetings and reports	6,458	257
Corporation fees and taxes	517	30
Listing and filing fees	723	240
Miscellaneous	399	134
Secretarial fees	2,100	600
Directors' fees	2,000	500
Travel	388	149
Interest and bank charges	15,045	12,713
Retirement payments	2,500	2,000
Stock transfer taxes	768	—
Advertising	—	552
Account receivable written off	660	—
	49,986	22,671
	124,793	109,732
NET EARNINGS (LOSS) FOR THE PERIOD	73,361	(50,679)
RETAINED EARNINGS — BEGINNING OF PERIOD	86,264	147,125
Reorganization expenses	12,500	—
	73,764	147,125
RETAINED EARNINGS — END OF PERIOD	\$ 147,125	\$ 96,446

EXPLORATION REPORT

The past sixteen months have been the most active period of exploration in the six years the present management have directed your company's affairs; over \$200,000 has been spent on property examinations, diamond drilling, airborne surveys, geophysical surveys, and staking and property acquisition, more than one half of it during the last four months.

As outlined in the "Interim Report — April 29th", Goldfields, as a result of its prior work in the area, is the major participant in the "Ivanhoe Joint Venture" of the Keevil Mining Group some 40 miles west of Timmins, Ontario. Over 1,400 claims have been staked to cover over 50 electromagnetic anomalies indicated by airborne geophysical surveys along a favourable structure. A systematic programme of ground geophysics, geological mapping and diamond drilling is in progress, and it is expected to continue over a period of about two years. Commencing on July 1, 1964, all exploration and development expenditures for a minimum of \$250,000 up to a maximum of \$500,000 have been assumed by U.S. partners who will thereby earn up to a 50% interest in the venture.

Following the announcement by Texas Gulf Sulphur that they had discovered a major zinc-silver-copper orebody north of Timmins, Goldfields and the Keevil Mining Group acquired a number of key properties covering airborne electromagnetic anomalies in the area. A continuing study of the area is in progress, including a long

range programme of ground geophysics and diamond drilling on some 40 groups in which Goldfields has an interest.

Goldfields as a participant in the exploration operations of the Keevil Mining Group has an interest in a far more widespread programme than it could maintain within its own resources, and therefore has a much greater exposure to a successful discovery.

Under this plan, property examinations were made in British Columbia, Ontario, Quebec, Northwest Territories, New Brunswick and Australia. Photogeological studies followed by aerial reconnaissance were done in parts of the Northwest Territories.

Prospecting and geological mapping were carried out in British Columbia, including geochemical prospecting over selected areas. Additional work, including diamond drilling, was done on the copper prospect near Williams Lake, B.C., and prospecting is being continued on other claims staked in the area.

Exploration was carried out on Grand Manan Island, New Brunswick, where extensive low-grade copper mineralization is known along the shore of the Island. Geological mapping and sampling followed by diamond drilling were done during the summer, which results are now being assessed.

Four groups of claims were staked in the Gaspesia Provincial Park, Quebec when this park was opened for prospecting in November, 1963. A work programme which includes prospecting, geology, geophysics and geochemistry has been started, and will be extended as results warrant.

In addition to the above participations with the associated companies, Goldfields Mining Corporation presently holds claims in the Beaverlodge, Red Lake, Temagami and South Lorrain mining areas.

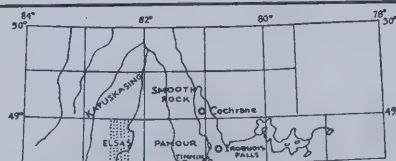
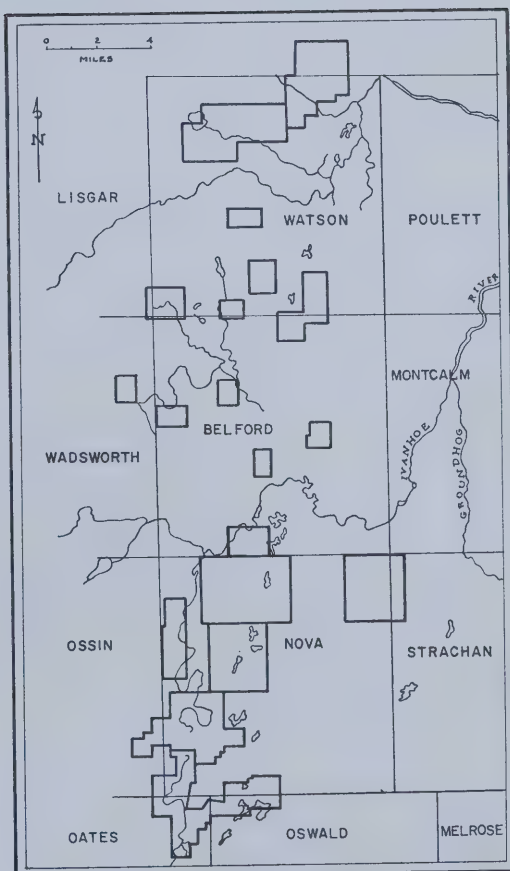
Activities during the current year will emphasize follow-up work on current projects but a continuing search for new properties will be made, including examinations of new mineral prospects and studies of new areas.

Respectfully submitted,



Vice-President.

Toronto, Ontario,
September 10, 1964.



MAP SHOWING A PORTION OF THE COMPANY'S HOLDINGS
IN THE IVANHOE AREA

TEMAGAMI MINING*(Incorporated under the laws of the Province of Ontario)***BALANCE SHEET AS AT JUNE 30, 1964****(With comparative figures for 1963)****ASSETS****CURRENT ASSETS**

	1964	1963
Cash	\$ 75,706	\$ 87,204
Short term deposits	1,315,000	700,000
Ore settlements — at estimated net realizable value	715,282	724,766
Accounts receivable	57,888	26,224
Prepaid insurance and expenses	40,672	21,218
	<u>2,204,548</u>	<u>1,559,412</u>

STORES AND MATERIALS — at cost	<u>62,240</u>	<u>55,584</u>
---	---------------	---------------

NON-MARKETABLE INVESTMENTS — at cost	<u>25,050</u>	<u>14,850</u>
---	---------------	---------------

FIXED ASSETS — at cost

Buildings, machinery and equipment	1,452,121	1,408,135
Accumulated depreciation	<u>1,400,820</u>	<u>1,193,393</u>
	51,301	214,742
Mining properties and rights	<u>663,750</u>	<u>658,540</u>
	<u>715,051</u>	<u>873,282</u>

OTHER ASSETS AND DEFERRED EXPENDITURE — at cost

Mine access road	292,562	292,562
Exploration, development and administrative	<u>1,224,133</u>	<u>1,224,133</u>
	1,516,695	1,516,695
Amortization	<u>1,063,000</u>	<u>836,000</u>
	453,695	680,695
Hydro line (Note 1)	<u>133,870</u>	<u>139,150</u>
	<u>587,565</u>	<u>819,845</u>
	<u>\$3,594,454</u>	<u>\$3,322,973</u>

AUDITORS' REPORT

We have examined the balance sheet of Temagami Mining Co. Limited as at June 30, 1964 and the statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

September 21, 1964.

IG CO. LIMITED

(Incorporated under the laws of Ontario)

AT JUNE 30, 1964

as at June 30, 1963)

LIABILITIES

CURRENT LIABILITIES

	1964	1963
Accounts payable and accrued liabilities	\$ 74,529	\$ 115,094
Ontario mining tax	27,000	25,500
	<u>101,529</u>	<u>140,594</u>

SHAREHOLDERS' EQUITY

Capital stock —

Authorized —

5,000,000 shares of a par value of \$1 each

Issued and fully paid —

2,992,267 shares	2,992,267	2,992,267
Discount thereon	236,382	236,382

Retained earnings	2,755,885	2,755,885
	737,040	426,494
	<u>3,492,925</u>	<u>3,182,379</u>

NOTES:

1. The cost of the hydro line is recoverable from the Hydro Electric Power Commission of Ontario at the rate of 25% of the annual hydro bill.
2. Because of deductions permitted for tax purposes, it is estimated that there is no liability for income taxes for the year, except for Ontario mining taxes.
3. A writ has been issued against the company in respect of construction of the mine access road. The plaintiff's claim is for \$289,836 and costs. The company denies any liability and has counter-claimed against the plaintiff for various sums aggregating \$114,121 and its costs.

Approved on behalf of the Board:

N. B. KEEVIL, Director.

C. G. MacINTOSH, Director.

<u>\$3,594,454</u>	<u>\$3,322,973</u>
--------------------	--------------------

THE SHAREHOLDERS

In our opinion, the accompanying balance sheet and statements of income and retained earnings, when read in conjunction with the notes appended thereto, present fairly the financial position of the company as at June 30, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,
Chartered Accountants.

TEMAGAMI MINING CO. LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED JUNE 30, 1964

(With comparative figures for the year ended June 30, 1963)

	1964	1963
INCOME:		
Ore and concentrates	\$2,235,628	\$2,335,652
Less: Smelter, freight and marketing expenses	436,217	450,824
	<u>1,799,411</u>	<u>1,884,828</u>
OPERATING EXPENSES:		
Mining	330,786	342,977
Milling	119,589	137,723
Development	151,653	128,534
Exploration	176,084	173,196
General mine expenses	190,374	213,112
Administrative expenses	44,564	50,647
Executive salaries	7,500	7,500
Directors' fees	2,500	1,000
Ontario mining tax	27,000	27,339
	<u>1,050,050</u>	<u>1,082,028</u>
Less: Interest and other income	51,658	21,329
	<u>998,392</u>	<u>1,060,699</u>
Operating profit for the year before depreciation, amortization and outside exploration	801,019	824,129
Provision for depreciation	217,818	213,209
Provision for amortization of deferred expenditure	227,000	209,000
Outside exploration	45,655	23,366
	<u>490,473</u>	<u>445,575</u>
NET INCOME FOR THE YEAR (Note 2)	<u><u>\$ 310,546</u></u>	<u><u>\$ 378,554</u></u>

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED JUNE 30, 1964

(With comparative figures for the year ended June 30, 1963)

	1964	1963
BALANCE — BEGINNING OF YEAR	<u>\$ 426,494</u>	<u>\$ 47,940</u>
Net income for the year	310,546	378,554
BALANCE — END OF YEAR	<u><u>\$ 737,040</u></u>	<u><u>\$ 426,494</u></u>

TORONTO, Ontario,
Sept. 30, 1964.

Temagami Mining Co. Limited,
11 Adelaide St. West,
TORONTO 1, Ontario.

Gentlemen:

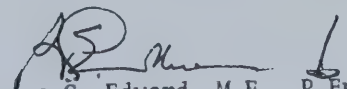
The following is a summary of my findings, as fully set out in my report of August 19th, 1964, entitled "Evaluation of Temagami Mining Co. Limited".

My appraisal of the Present Worth of Temagami Mining Co. Limited as of June 30, 1964, following my on-site examination and detailed study of all aspects of the operation, was \$4,835,845. With 2,992,267 shares issued and outstanding, this is equivalent to \$1.62 per share. The various components used in developing this final figure are shown below:

<u>Item</u>	<u>Amount</u>	<u>Equivalent Per Share Outstanding</u>
WORKING CAPITAL at June 30, 1964	\$2,165,260	\$0.72
PRESENT VALUE of FUTURE CASH FLOW from Estimated Ore Reserves	2,470,585	0.83
ESTIMATED NET REALIZABLE VALUE upon salvage of Fixed Assets	200,000	0.07
TOTAL PRESENT WORTH	<u>\$4,835,845</u>	<u>\$1.62</u>

In view of the recent advance in the price of copper it is of particular pertinence to note that this evaluation was based on the average metal prices received by the Company in fiscal 1964 and made no provision whatsoever for any future price improvement.

Yours very truly,


Bruce G. Edward, M.E., P.Eng.

COPPERFIELDS MINING

(Incorporated under the laws of the Province of Ontario)

PRO FORMA

as at June 30, 1964

ASSETS

CURRENT ASSETS

Cash	\$ 80,587	
Short term deposits	1,332,100	
Ore settlements — at estimated net realizable value	715,282	
Accounts receivable	63,886	
Prepaid insurance and expenses	40,672	\$2,232,527

STORES AND MATERIALS — at cost 62,240

INVESTMENTS

Marketable securities — at cost which equals quoted market value (Note 2)	4,128,160	
Unquoted and escrowed shares — at cost	15,001	
Service company — shares and debentures at cost	36,205	4,179,366

FIXED ASSETS — at cost

Buildings, machinery and equipment	1,452,122	
Accumulated depreciation	1,400,820	
	51,302	
Mining claims	811,567	862,869

OTHER ASSETS AND DEFERRED EXPENDITURE — at cost

Mine access road	292,562	
Exploration, development and administrative	1,224,133	
	1,516,695	
Amortization	1,063,000	
	453,695	
Hydro line (Note 3)	133,870	587,565
		<u>\$7,924,567</u>

AUDITORS' REPORT

We have examined the pro forma balance sheet of Copperfields Mining Corporation Limited (Note 1) as at June 30, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,
September 30, 1964.

CORPORATION LIMITED

(City of Ontario)

BALANCE SHEET

1964 (Note 1)

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 115,038	
Ontario mining tax	27,000	
Loan payable — secured	740,000	\$ 882,038

SHAREHOLDERS' EQUITY

Capital stock —

Authorized —

7,500,000 shares with a par value of \$1 each

Issued and fully paid —

6,325,600 shares	6,325,600	
Premium thereon (Net)	4,889	

6,330,489

Retained earnings	712,040	7,042,529
-------------------------	---------	-----------

NOTES:

1. Pro forma transactions:

The pro forma balance sheet gives effect to —

- increasing the authorized capital by supplementary letters patent to 7,500,000 shares with a par value of \$1 each and changing its name from Temagami Mining Co. Limited to Copperfields Mining Corporation Limited.
- The purchase as of June 30, 1964 of all of the assets and the assumption of all of the liabilities of Goldfields Mining Corporation Limited in consideration of the issue of 3,333,333 treasury shares of a par value of \$1 each at a premium of \$241,271.
- The provision of \$25,000 for the estimated costs and expenses of carrying out the foregoing transactions.

2. The market values shown for the investments are based upon the closing market prices at June 30, 1964. Because of the number of shares involved, these values are not necessarily indicative of the amount that could be realized if the investments were sold.

3. The cost of the hydro line is recoverable from the Hydro Electric Power Commission of Ontario at the rate of 25% of the annual hydro bill.

4. A writ has been issued against the company in respect of construction of the mine access road. The plaintiff's claim is for \$289,836 and costs. The company denies any liability and has counter-claimed against the plaintiff for various sums aggregating \$114,121 and its costs.

\$7,924,567

THE SHAREHOLDERS

In our opinion, the accompanying pro forma balance sheet, when read in conjunction with the notes appended thereto, presents fairly the financial position of the company as at June 30, 1964, after giving effect to the transactions set forth in Note 1, in accordance with generally accepted accounting principles.

McDONALD, CURRIE & CO.,
Chartered Accountants.

THIS AGREEMENT is made in duplicate as of the 22nd day of September, A.D. 1964.

BETWEEN :

TEMAGAMI MINING CO. LIMITED,
hereinafter sometimes called "Temagami",

OF THE FIRST PART;

— and —

GOLDFIELDS MINING CORPORATION
LIMITED (Non-Personal Liability),
hereinafter sometimes called "Goldfields",

OF THE SECOND PART.

WHEREAS Temagami was incorporated under The Companies Act (Ontario) and has an authorized capital of Five Million (5,000,000) shares with a par value of One Dollar (\$1.00) per share, of which Two Million Nine Hundred and Ninety-two Thousand Two Hundred and Sixty-seven (2,992,267) shares have been issued and are presently outstanding;

AND WHEREAS Goldfields was incorporated under The Companies Act (Saskatchewan) and has an authorized and issued capital of Ten Million (10,000,000) shares with a par value of One Dollar (\$1.00) per share;

AND WHEREAS each of the parties hereto has furnished to the other a copy of its audited financial statements as of the 30th day of June, 1964 which are respectively represented as fully and truly disclosing the financial position of the respective companies as at that date, and each of the parties has represented that no material change in its financial condition has occurred since that date save in the ordinary course of business or as contemplated by the respective financial statements;

AND WHEREAS the parties hereto have the same or similar objects and Temagami has offered to purchase the undertaking, property and assets of Goldfields as a going concern on the terms and conditions hereinafter set out.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual agreements and covenants hereinafter contained it is agreed by and between the parties hereto as follows:

1. Subject to the conditions hereof, Temagami hereby agrees to purchase and Goldfields hereby agrees to sell all of the mineral properties and investments and all other rights, real and personal property and other assets as a going concern of Goldfields for a consideration of Three Million, Three Hundred and Thirty-three Thousand, Three Hundred and Thirty-three (3,333,333) fully paid and non-assessable shares with a par value of One Dollar (\$1.00) each in the capital stock of Temagami, together with the assumption by Temagami of all liabilities of Goldfields (other than liabilities to capital stock and surplus).
2. The purchase and sale herein shall take place as of the closing date hereinafter referred to. During the period between the date hereof and the said closing date, neither of the parties hereto shall take any action or incur any substantial liability other than in the ordinary course of business or as contemplated by the aforesaid financial statements thereof save and except as may be mutually agreed upon in writing as being in the best interests of each of the parties hereto or to effect most advantageously the business purposes and intent of this agreement. Subject to the foregoing, Temagami

covenants to indemnify Goldfields in respect of all liabilities incurred by Goldfields during the said period and arising from the operation of such business of Goldfields up to the said closing date.

3. The purchase and sale shall be closed at Suite 1000, 11 Adelaide Street West, Toronto, Ontario, on December 1, 1964, or on such earlier or later date as may be mutually agreed upon in writing by the parties hereto, which date or earlier or later date as may be agreed upon is herein sometimes referred to as the "closing date".

4. On the closing date, against delivery by Temagami to Goldfields of the share consideration hereinbefore referred to, Goldfields shall deliver to Temagami such transfers of mineral claims and investments and such other deeds, conveyances, assurances, transfers, assignments and consents as may reasonably be required to vest in Temagami all the right, title and interest of Goldfields in the assets of Goldfields then held by it, and Temagami shall deliver to Goldfields agreements of indemnity in respect of the matters dealt with in Paragraphs 2 and 6 hereof.

5. Temagami hereby specifically waives compliance by Goldfields with the requirements of The Bulk Sales Act of the Province of Ontario.

6. After the closing date Goldfields may commence to wind up its affairs and to distribute its remaining asset, namely the aforesaid shares of Temagami, proportionately to its shareholders, and thereafter to terminate its existence, and, provided that Goldfields so does within a period of one year from the closing date, Temagami covenants to indemnify Goldfields in respect of all costs and expenses incurred by Goldfields in this connection and in any event in connection with the negotiation of this agreement.

7. This agreement and each of the covenants herein contained are conditional upon the following, namely:

- (a) Both Temagami and Goldfields having the power and right to enter into this agreement of purchase and sale and to complete the transaction herein provided for in accordance with the terms and conditions hereof;
- (b) The confirmation by the shareholders of Temagami, at a special general meeting thereof duly and properly called for the purpose, of a resolution approving this agreement of purchase and sale;
- (c) The granting of Supplementary Letters Patent to Temagami increasing its authorized capital to at least Seven Million Five Hundred Thousand (7,500,000) shares with a par value of One Dollar (\$1.00) per share and changing its name to Copperfields Mining Corporation Limited or such name as may be mutually satisfactory to the parties hereto and to the Lieutenant-Governor of the Province of Ontario;
- (d) The confirmation by the shareholders of Goldfields, at an extraordinary general meeting thereof duly and properly called for the purpose, of a special resolution approving this agreement of purchase and sale; and
- (e) The necessary approvals and acceptance of the Toronto Stock Exchange being obtained in respect of this agreement of purchase and sale and the agreement of that body to list the said increased capital of Temagami under its changed name.

The parties hereto shall take such actions as may be necessary to give effect to this agreement, and in particular to cause to be called the necessary meetings of their respective shareholders and to file such documents as may be required by the Toronto Stock Exchange to the intent that each of such

conditions shall have been met by the closing date, and in the event that each and every of such conditions shall not have been met, this agreement shall be null and void and neither party shall have any claim against the other in respect hereof or of any of the covenants or agreements herein contained.

8. Time shall be of the essence of this agreement.

IN WITNESS WHEREOF this agreement has been executed.

SIGNED, SEALED AND DELIVERED
in the presence of:

TEMAGAMI MINING CO. LIMITED

Per: "N. B. KEEVIL"
President.

Per: "J. L. C. JENNER"
Secretary.

GOLDFIELDS MINING CORPORATION LIMITED
(Non-Personal Liability)

Per: "J. C. FRANTZ"
Vice-President.

Per: "R. MICHAEL BUTLER"
Secretary.

